

Message Text

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ORIGIN NEA-10

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DRAFTED BY OPIC/VP:RSMITH NEA/EGY:CKENNEDY/BD
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M/MO:GMAYS
EB:DGRANT
AID:STAUBENBLATT
AID:JWHEELER
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FM SECSTATE WASHDC
TO AMEMBASSY CAIRO PRIORITY

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E.O. 11652: NA

TAGS: EAID, EINV, US, EG

SUBJECT: PROPOSAL TO ASSIGN ONE OPIC OFFICER TO USAID/
CAIRO

1. OPIC, (ACTING PRESIDENT POATS) AND AID/W REQUEST AMBASS-
ADOR'S AND MISSION DIRECTOR'S COMMENTS ON IDEA OF ASSIGNING
ONE OPIC OFFICER TO US AID/CAIRO FOR A TWO-YEAR PERIOD TO
UNDERTAKE PRIVATE ENTERPRISE PROJECT SELECTION AND BROKER-
ING FOR JOINT U.S.-EGYPTIAN VENTURES AND GUIDANCE TO AMERI-
CAN PROJECT SPONSORS IN OBTAINING GOE INVESTMENT APPROVALS.

2. OPIC IS FACED WITH SFRC DRAFT AMENDMENT TO FY 1979 SSA
LEGISLATION WHICH PROPOSES TO TRANSFER \$50 MILLION OF SSA
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FUNDS FOR EGYPT TO OPIC FOR ADMINISTRATION IN PRIVATE SEC-
TOR DEVELOPMENT EFFORT. (OPIC VICE PRESIDENT SMITH DIS-
CUSSED THIS ISSUE WITH E/C COUNSELOR MADDOX RECENTLY AT
TANGIER CONFERENCE). OPIC'S POSITION IS THAT AID IS FAR
BETTER SUITED TO ADMINISTER THESE FUNDS. OPIC IS NOT IN A
POSITION TO FINANCE EXCLUSIVELY EGYPTIAN PRIVATE SECTOR
PROJECTS; NOR IS IT EQUIPPED TO OFFER TECHNICAL ASSISTANCE

TO EGYPTIAN AGENCIES AND FIRMS ON A LARGE SCALE. AID, WITH ITS SUBSTANTIAL PROGRAM, MISSION AND EXPERIENCE ALSO CAN DO MUCH MORE THAN OPIC POSSIBLY COULD TO HELP BRING ABOUT THE NECESSARY POLICY CHANGES AND CHANGES IN BUREAUCRATIC PROCEDURES AND ATTITUDES REQUIRED OF THE GOE IN ORDER TO MAKE THE INVESTMENT CLIMATE MORE FAVORABLE. AID CONCURS IN THIS VIEW.

3. OPIC, HOWEVER, WANTS TO BE RESPONSIVE TO SFRC CONCERNS AND BELIEVES THAT IT IS WELL QUALIFIED TO PERFORM FUNCTION OF PROJECT SELECTION AND BROKERING FOR JOINT U.S.-EGYPTIAN VENTURES AND CAN SUPPLEMENT COMMERCIAL SECTION IN PROVIDING GUIDANCE TO AMERICAN PROJECT SPONSORS IN OBTAINING GOE INVESTMENT APPROVALS. TO UNDERTAKE SUCH AN EFFORT, OPIC PROPOSES ASSIGNING A MID-LEVEL OFFICER FOR A TWO-YEAR TOUR-OF-DUTY IN CAIRO, HOUSED IN USAID AND WORKING AS PART OF THE PRIVATE ENTERPRISE UNIT USAID/CAIRO IS PLANNING TO CREATE. THIS OPIC OFFICER WOULD REPORT THROUGH THE MISSION DIRECTOR TO THE AMBASSADOR. HE WOULD WORK WITHIN THE USAID/CAIRO TEAM AND WITH EMBASSY'S E/C SECTION. OPIC OFFICER WOULD BE UNDER THE POLICY GUIDANCE OF PRESIDENT OF OPIC WITH RESPECT TO OPIC PROGRAMS. HE WOULD DEVELOP RELATIONSHIPS WITH SUCH GROUPS AS THE U.S.-EGYPTIAN BUSINESS COUNCIL (WHICH HEARTILY ENDORSES THIS PROJECT) AND THE APPROPRIATE EGYPTIAN INVESTMENT AGENCIES. OPIC TESTIMONY AT SFRC HEARING ON APRIL 25 RE LIMITED OFFICIAL USE

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THIS ISSUE WILL NOTE THAT DISCUSSIONS ARE BEING HELD WITH STATE, AID, COMMERCE AND EMBASSY/MISSION IN CAIRO ON POSSIBLE WAYS OPIC CAN HELP IN PRIVATE SECTOR DEVELOPMENT.

4. IN ADDITION, IF THE OPIC OFFICER'S DUTIES PERMIT, HE ALSO WOULD BE AVAILABLE TO OPIC TO UNDERTAKE OCCASIONAL TDY ASSIGNMENTS IN NEARBY COUNTRIES AS WELL AS WORK WITH ARAB FUNDING SOURCES FOR PROJECTS IN EGYPT.

5. AID AND OPIC WOULD WORK OUT ARRANGEMENTS FOR AN INTERNAL TRANSFER OF FUNDS (ABOUT \$200,000 PER YEAR) FROM AID TO OPIC FOR FEASIBILITY STUDIES SO THAT OPIC WOULD BE IN A BETTER POSITION TO OFFER SUCH ASSISTANCE DIRECTLY TO POTENTIAL AMERICAN INVESTORS AS PART OF THE INVESTMENT PROMOTION EFFORTS.

6. THIS PROPOSAL HAS BEEN DISCUSSED HERE BY OPIC ACTING PRESIDENT POATS AND AID (A/D NOOTER AND NE/AA WHEELER). IF THE IDEA IS ACCEPTABLE TO AMBASSADOR AND MISSION DIRECTOR, AID IS PREPARED TO PROVIDE NECESSARY POSITION WITHIN USAID MODE LEVELS FOR OPIC OFFICER. WE ASSUME USAID WOULD BE ABLE TO MAKE OFFICE SPACE AVAILABLE AND PROVIDE

ADMINISTRATIVE SUPPORT.

7. RECOGNIZING AMBASSADOR'S AND MISSION DIRECTOR'S BUSY
SCHEDULES AND HEAVY WORKLOADS, WE WOULD APPRECIATE YOUR
COMMENTS AS SOON AS IT IS CONVENIENT. CHRISTOPHER

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